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February 26, 2016

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Dr. Andrew Sawyers, Director
Office of Wastewater Management
United States Environmental Protection Agency
1200 Pennsylvania Avenue, NW
Washington, DC 20460

Dear Dr. Sawyers:

The Environmental Financial Advisory Board (EFAB) is pleased to present you with recommendations on how the Water Infrastructure Resiliency and Finance Center (WIRFC) can best support communities across the country in addressing water and wastewater affordability issues at the household level.

Under your leadership, EFAB was issued a charge from the U.S. EPA's Office of Water in May 2015 to identify ways that the Center can assist local governments with affordability challenges in implementation of their water infrastructure projects with a particular emphasis on addressing the challenges of household affordability. A work group was formed and (1) reviewed the Center's Water System Rate Assistance Program Research Report (the work scope and anticipated deliverables as well as the January 2016 draft report), (2) identified and summarized affordability-related current and future work from a number of water and wastewater industry sources, (3) reviewed and summarized affordability practices from the electric and natural gas industries, and (4) developed a number of recommendations for consideration by the Center.

The board believes that the Center can play a critical role in the identification and dissemination of information regarding affordability programs in addition to serving as a conduit for leveraging the affordability experiences of the electric and natural gas industries.

The board's four recommendations are summarized below:

1. EFAB recommends that US EPA/the Center add additional survey questions to its Water System Rate Assistance Program Research Report (the Research Report):
 - (i) "How are Affordability Decisions Made?"
 - (ii) "What are the Funding Sources?"
 - (iii) "How is Success Measured?"

Information regarding these questions will provide a foundation for water and wastewater service providers to evaluate specific affordability initiatives. Furthermore, we recommend the following changes to the Centers January 2016 draft Research Report: (i) redefine "large utility" and "medium utility" in the Research Report – and recalculate and summarize the existing summary data and figures according to this redefinition and (ii) include "medium utility" and "small utility" case studies.

2. EFAB recommends that US EPA/the Center serve in a facilitation function to encourage partnerships with states and utilities by acting as a clearinghouse or the central source for affordability program information, especially as it relates to states sharing affordability information with other states and information on addressing institutional or legal restrictions related to affordability programs.
3. EFAB recommends that US EPA/the Center also serve as the central source for affordability information from the EFCs and other interest groups – such as the American Water Works

Association (AWWA) and the Water Environment Federation (WEF) – on their respective current and future research reports, tools and publications.

4. Last and since household affordability programs exist in the electric and natural gas industry, EFAB recommends that US EPA/the Center compile and evaluate the development and funding of affordability programs in that industry (and possibly other industries), including the various funding sources as well as any funding limitations, and determine how it might best be used and conveyed to local water and wastewater providers (e.g., directly and/or through partnerships).

We are pleased to provide you with the detailed results of our recommendations in a document entitled *Household Affordability Challenges in the Water Sector*. We hope that you find our review, observations and specific recommendations valuable to EPA and we thank you for the opportunity to assist you with this charge.

Sincerely,



Karen Massey, Chair
Environmental Financial Advisory Board

Enclosure

EFAB Report

Household Affordability Challenges in the Water Sector

Last year, US EPA formed the Water Infrastructure and Resiliency Finance Center (the Center). With the goal of assisting the Center to identify ways that the Center can assist states and utilities with addressing household affordability challenges, EFAB has analyzed and prepared this report which summarizes and details the four general recommendations that were developed to address this important nationwide objective.

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HOUSEHOLD AFFORDABILITY CHALLENGES IN THE WATER SECTOR

I. EXECUTIVE SUMMARY

In May 2015, EFAB received a request from US EPA and its newly-formed Water Infrastructure and Resiliency Finance Center (the Center). The essence of the request is shown below:

“The Center requests that EFAB identify ways that the Center can assist local governments with affordability challenges in implementation of their water infrastructure projects with a particular emphasis on addressing the challenges of household affordability.”

Since this charge relates specifically to affordability at the household level, our recommendations to the Center do not consider project-specific or system-wide programs, initiatives or other matters intended to reduce overall service level costs or enhance utility system operations or efficiencies. As a result, our four general recommendations are as follows:

First, EFAB recommends that US EPA/the Center add additional survey questions to its Water System Rate Assistance Program Research Report (“the Research Report”). The purpose of the Research Report was to compile certain information on the various water and wastewater systems that have implemented affordability/rate assistance programs “to address household or specific service area affordability problems”. We encouraged the Center, through its currently on-going Research Report survey efforts, to investigate the following additional survey questions:

- (i) *“How are Affordability Decisions Made?”* – including a discussion of any statutory, regulatory and/or oversight factors as well as defining “affordability” and determining initial as well as any ongoing eligibility requirements;
- (ii) *“What are the Funding Sources?”* – including a discussion of the range of funding sources, such as from the water utility, customers, privates, community, etc.; and
- (iii) *“How is Success Measured?”* – is success measured and, if so, what are the standards/metrics used by water utilities?

In our discussions with US EPA/the Center, the first two recommended questions will be incorporated into the work scope/deliverables and the third recommended question will be discussed in the Research Report.

Furthermore, we reviewed the draft Research Report which was released on January 14, 2016. Based upon our review and our goal to expand the usefulness of the Research Report to all water utilities, we recommend the following: (i) redefine “large utility” and “medium utility” in the Research Report – and recalculate and summarize the existing summary data and figures according to this redefinition and (ii) include “medium utility” and “small utility” case studies.

Second, EFAB recommends that US EPA/the Center serve in a facilitation function to encourage partnerships with states and utilities by acting as a clearinghouse or the central source for affordability program information, especially as it relates to states sharing affordability information with other states and information on addressing institutional or legal restrictions related to affordability programs. By having complete, accurate and relevant information at a central source, EPA/the Center can provide the needed information to assist states and utilities with implementing successful programs to address the household affordability challenge.

Third, EFAB recommends that US EPA/the Center also serve as the central source for affordability information from the EFCs and other interest groups – such as the American Water Works Association (AWWA) and the Water Environment Federation (WEF) – on their respective current and future research reports, tools and publications. Since a central source for this important and useful information is not currently available, we believe that the Center can be an important catalyst for the compilation and dissemination of this valuable information to states and utilities alike.

Last and since household affordability programs exist in the electric and natural gas industry, EFAB recommends that US EPA/the Center compile and evaluate the development and funding of affordability programs in that industry (and possibly other industries), including the various funding sources as well as any funding limitations, and determine how it might best be used and conveyed to local water and wastewater providers (e.g., directly and/or through partnerships).

II. INTRODUCTION/BACKGROUND

In May 2015, EFAB received the following request from US EPA and its newly-formed Water Infrastructure and Resiliency Finance Center:

“Many communities are experiencing significant financial hardship establishing adequate revenue streams necessary to finance projects and activities to maintain and upgrade their water infrastructure and meet their Clean Water Act and Safe Drinking Water Act obligations. While communities meet affordability tests at the community level, many households within that community face tremendous challenges. EPA has taken several steps to include flexibility in its programs to help communities meet their obligations in an affordable manner. Integrated planning is a relatively new initiative at EPA, which allows communities to consider all of their CWA obligations and focus first on those projects that offer the greatest gains in public health and environmental protection. On June 5, 2012, EPA finalized the Framework for Developing Integrated Plans. An important aspect of the integrated planning process is how the financial capability of a community is considered when developing schedules for municipal projects necessary to meet CWA obligations. On November 24, 2014, EPA developed the Financial Capability Assessment Framework that provides greater clarity on the flexibilities built into existing EPA guidance that local governments can use in assessing their financial capability. ***The Center is focused on exploring tools and technical assistance for communities that can address the financial gap between the total cost of the needed infrastructure and the ability to pay for the infrastructure at the community and household level. The Center requests that EFAB identify ways that the Center can assist local governments with affordability challenges in implementation of their water infrastructure projects with a particular emphasis on addressing the challenges of household affordability.*** (Emphasis added)

Affordability is and will be an important issue for the largest and the smallest water utilities alike. While cost cutting and efficiency efforts can result in minimizing utility costs, the affordability of water and wastewater service at the household level, will continue to be a challenge, particularly for capital requirements to address aging infrastructure. The degree and magnitude of this issue may vary significantly from one utility provider to another as well as by service and geographic region and by the size of the utility.

In the next section, we have provided our recommendations and analysis on what role the Center can play to address the household affordability challenges in the water sector. With most of our recommendations, we recommend that US EPA/the Center serve as the central source or clearinghouse for this information. Furthermore with respect to our recommendations, EFAB believes that EPA's Research Report as well as our recommendations for EPA/the Center to serve as a central source for affordability program information from various entities, as well as from other industries are important first steps to focus on household affordability matters but does not guarantee that utilities will access it, properly evaluate it or make decisions that lead to successful programs. Additionally in our interpretation of the EPA charge and subsequent discussions with EPA staff, we *did not* consider the charge to be a request to: (i) conduct new research, (ii) complete a literature search or (iii) examine operational or capital planning tools and/or other practices to reduce costs.

III. EFAB RECOMMENDATIONS

A. Expand Work in Current US EPA Water System Rate Assistance Program Research Report

During EFAB's discussion of the charge with US EPA and the Center, we were informed that US EPA was starting on a Water System Rate Assistance Program Research Report (the Research Report) as of October 2015. The purpose of the Research Report was to compile certain information on the various water and wastewater systems that have implemented affordability/rate assistance programs "to address household or specific service area affordability problems". The Research Report, with an estimated completion date of January 2016, will consist of two parts:

1. Program summary report of the various water and/or wastewater systems that have established affordability/rate assistance programs – based upon over 200 summaries of affordability/rate assistance programs compiled from public websites; and
2. Approximately three individual case studies of affordability/rate assistance programs based upon in-depth interviews to illustrate how best practices have been implemented (which includes various information such as the discount available, target population, program eligibility, program funding, etc.).

EFAB commends US EPA and the Center for initiating this Research Report as we believe the Research Report will not only provide valuable insights for US EPA and the Center on existing affordability/rate assistance programs, but also serve as a resource for all water utilities to either refine existing affordability/rate assistance programs or implement proven affordability/rate assistance programs that best meet the needs of their respective communities.

To insure that the Research Report findings will be most useful to US EPA, the Center and all water utilities, EFAB, in November 2015, reviewed the Research Report's work scope (and deliverables) and recommended the following additional survey questions:

1. *"How are Affordability Decisions Made?"* – including discussion of any statutory, regulatory and/or oversight factors as well as defining "affordability" and determining initial as well as any ongoing eligibility requirements;
2. *"What are the Funding Sources?"* – including a discussion of the range of funding sources, such as from the water utility, customers, privates, community, etc.; and
3. *"How is Success Measured?"* – is success measured and, if so, what are the standards/metrics used by water utilities?

We discussed each of these recommended questions in detail directly with US EPA/the Center staff. We were informed that the first two recommended questions would be added to the Research Reports' work scope/deliverables and that our third recommended question may be challenging to implement. Under the Information Collection Request (ICR) guidelines, US EPA or any federal agency is not allowed to conduct a survey or ask questions to more than nine non-federal individuals unless approved by the Office of Management and Budget. Thus, US EPA/the Center plans to implement our third recommended question as part of the in-depth interview with the three water/wastewater utilities referenced in the second part of the Research Report above. Additionally, to address our third recommended question, US EPA/the Center plans to include a section in the Research Report which generally discusses the metrics that can be used to address this third recommended question.

Additionally on January 14, 2016, EPA released its draft Research Report for comments. Based upon our review, we believe that the Research Report provides valuable information for the user but places an emphasis on "large utilities" and less emphasis on "medium utilities". As a result, we have the following recommendations:

1. *Redefine "Large Utility" and "Medium Utility" in the Research Report* – currently, the Research Report categorizes all utilities as either a "large utility" (serving ">100,000 people") or a "medium utility" (serving "10,000-100,000 people"). We recommend that EPA/the Center uses the following definition which is widely used in the industry: (i) large utility – serving a population of at least 500,000, (ii) medium utility – serving a population of 100,000-500,000 and (iii) small utility – serving a population of below 100,000. Furthermore, we recommend that all summary data and figures be recalculated and summarized according to our redefinition above, which we believe will provide more detail and useful information for all water utility users; and
2. *Include "Medium Utility" and "Small Utility" Case Studies* – currently, the Research Report has three case studies for utilities which are all large utilities. To expand the usefulness of the Research Report to all water utilities, we recommend that EPA/the Center include "medium utility" and "small utility" case studies. As noted in the ICR discussion above, EPA/the Center may be able to include up to nine case studies for the Research Report, which thus provides the opportunity to include three medium utility case studies and three small utility case studies.

Recommended US EPA/Center Action. EFAB understands that US EPA/the Center plans to make the Research Reports findings available to all states and water utilities. In November 2015, EFAB recommended three additional questions for the Research Report. In our review of the draft Research Report released on January 14, 2016 and with our goal of expanding the usefulness of the Research Report to all water utilities, we recommend that EPA/the Center: (i) redefine “large utility” and “medium utility” in the Research Report – and recalculate and summarize the existing summary data and figures according to this redefinition and (ii) include “medium utility” and “small utility” case studies.

B. Facilitate Partnerships With States and Utilities by Serving as the Central Source for Affordability Information

As previously discussed, affordability concerns affect all water utilities. For the larger utilities and in many major metropolitan areas, the water utilities may, in some portions of their service area, have a relatively affluent customer base, as measured by the area’s median household income (MHI) or other measures, but still have certain areas that fall well below the area’s MHI levels. At the same time, smaller utilities often face affordability challenges since they typically have more limited staff resources and fewer customers to absorb the costs for infrastructure, operations, and maintenance. Additionally, in smaller utilities, affordability concerns may impact a relatively larger proportion of the service area or simply be “the issue” with that particular water utility.

One way to address affordability concerns is to establish partnerships and networks to share information. Partnerships can result in the effective exchange of knowledge and best practices. There are several types of partnerships that can be considered, including: (i) partnerships between state entities and utilities and (ii) partnerships between states.

States can assist water utilities by sharing important affordability information. The types of information can include: (i) information on successful affordability programs used by other utilities, (ii) information regarding successful partnership arrangements, and (iii) successful partnership programs used in other states. States can also assist utilities by addressing institutional or legal restrictions related to affordability programs. For example, if a state law, such as an anti-donation clause, prohibits utilities from providing subsidies to low-income customers, the state can investigate ways to provide assistance that will be in compliance with the law. If state laws or regulations require all customers to pay the same rate, perhaps some consideration can be given to considering a system in which some low income customers can have a discounted rate. In the case of private utilities, there may be rules or regulations that require “reasonable rates” to be charged. However, the rules associated with “reasonable” may prevent the actions designed to promote affordability. States may wish to examine the ways in which to deal with regulating private utility rates and determine the best ways to ensure affordability.

Similarly, states can partner with each other by sharing approaches that work well within their state with other states. States can share success stories/case studies on successful affordability programs and partnership approaches.

Recommended US EPA/Center Action. Overall, EFAB believes that EPA/the Center can best promote partnerships with the states and utilities by serving as a clearinghouse for the various affordability-related information discussed above, especially as it relates to states sharing affordability information with other states and information on addressing institutional or legal restrictions related to affordability programs. By having complete, accurate and relevant information at a central source, EPA/the Center can assist

states and utilities with implementing successful programs to address the household affordability challenge.

C. Identify and Summarize Current and Future Work from the University-Affiliated Environmental Finance Centers (“EFCs”) and Other Sources

For years, the Environmental Finance Centers and other interest groups (such as the AWWA and WEF) across the country have worked with communities to address a variety of environmental finance challenges including water and wastewater affordability. Many EFCs have also developed tools that assess financial capacity of customers and pricing and non-pricing programs to reduce the financial impact of water service on low wealth households. EFCs have worked at the regional, state and individual utility level on affordability issues. Many EFCs also provide utility level advising or multi-topic water finance education events that include material on affordability strategies. EFCs are also involved in applied research projects that study national trends and best practices related to affordability.

To better understand the work that the EFCs and other interest groups have already completed in the affordability area, we recommend that EPA/the Center compile a summary of related work that all the EFCs and interest groups have already completed or are in the process of completing. As an example of this and to illustrate the variety and depth of completed and existing research reports, tools and publications in this area, we have compiled a summary of the various current and future activities and resources related to household affordability prepared by the University of North Carolina EFC and shown below.

1. A component of a large water finance research project was devoted to affordability and shows key trends across the country as well as practices:

<http://www.waterrf.org/Pages/Projects.aspx?PID=4366>

from

<http://www.efc.sog.unc.edu/project/defining-resilient-business-model-water-utilities>

2. An Excel tool that helps a utility estimate how much an affordability program might cost the utility:

<http://www.efc.sog.unc.edu/reslib/item/water-utility-customer-assistance-program-cost-estimation-tool>

and

<http://www.waterrf.org/resources/pages/PublicWebTools-detail.aspx?ItemID=24>

3. Water and Wastewater Residential Rates Affordability Assessment Tool - another Excel-based tool that helps to assess affordability for residential customers:

<http://www.efc.sog.unc.edu/reslib/item/water-wastewater-residential-rates-affordability-assessment-tool>;

and related webinars like: Affordability chapter from

<http://www.efc.sog.unc.edu/project/defining-resilient-business-model-water-utilities>

4. Defining Affordability: Targeting Federal Funds to Improve Water Quality to "Disadvantaged Communities" in North Carolina - <http://www.efc.sog.unc.edu/reslib/item/defining-affordability-targeting-federal-funds-improve-water-quality-disadvantaged>
5. Affordability of Wastewater Connection Costs in the Florida Keys - <http://www.efc.sog.unc.edu/reslib/item/affordability-wastewater-connection-costs-florida-keys> and <http://www.efc.sog.unc.edu/reslib/item/affordability-recurring-customer-charges-florida-keys>
6. Dashboards include an affordability dial in most cases (may be link to <http://www.efc.sog.unc.edu/project/utility-financial-sustainability-and-rates-dashboards>)
7. Training session example: <http://www.efc.sog.unc.edu/event/cifa-national-state-revolving-fund-workshop-2014-affordability>
8. Research Project Currently Underway: The EFC at UNC is working with Abt Environmental Research on a Water Research Foundation funded study entitled "Customer Assistance Programs for Multi-Family Residential and other Hard to Reach Customers." The primary objective of this project is to provide water utilities with pragmatic options, evaluation criteria, and lessons learned, and guidance for customer assistance programs targeting hard to reach customers. The intent is to help water providers identify and assess their options for reaching these customers directly, and/or indirectly through other channels and programs. The objective is also to better enable utilities to establish a business process for effectively implementing, monitoring the effectiveness of, and continually improving their assistance programs aimed at hard to reach customers. A secondary objective is to extend the insights gleaned on customer assistance program to enhance other utility communication and outreach activities that pertain to hard to reach members of the community - <http://www.efc.sog.unc.edu/project/customer-assistance-programs>
9. EFC staff is currently contributing to the "Low-Income Affordability Programs" chapter of the AWWA "M1 Principles of Water Rates, Fees and Charges," 7th Edition that will be published in 2016.

10. Blog posts include:

The Increasing Need to Address Customer Affordability – Blog Post; May 29th, 2012; <http://efc.web.unc.edu/2012/05/29/the-increasing-need-to-address-customer-affordability/>

"Percent MHI" Indicator of Affordability of Residential Rates: Using the U.S. Census Bureau's Median Household Income Data <http://efc.web.unc.edu/2013/01/09/percent-mhi-indicator-of-affordability-of-residential-rates-using-the-u-s-census-bureaus-median-household-income-data/>

<http://efc.web.unc.edu/2014/11/26/thanksgiving-affordability/>

<http://efc.web.unc.edu/2014/08/21/touching-affordability-water-sewer-bills-alabama-2014-alabama-residential-water-wastewater-rates-dashboard/>

<http://efc.web.unc.edu/2015/10/28/customer-assistance-programs/>

Recommended US EPA/Center Action. EFAB believes that EPA/the Center should serve as the central source for affordability information from the EFCs and interest groups on their respective current and future research reports, tools and publications. Since a central source for this important and useful information is not currently available, we believe that EPA/the Center can be an important catalyst for the compilation and dissemination of this valuable information to states and utilities alike.

D. Review/Analyze the Electric and Natural Gas Industry Affordability Practices and Effectiveness

As a general rule, the water industry has historically lagged the electric and natural gas industry on a variety of fronts including affordability (as well as other areas such as integrated resource planning, demand management, and conservation). Therefore, there is much to be learned on the topic of household affordability from these other utility providers. EFAB encourages US EPA/the Center to look to the successes and failures of the electric and natural gas industry to identify benchmarks, best practices and transferable opportunities for the development and funding of affordability programs and institutional structures and resources that might be created to build upon the earlier discussion in this report related to partnerships and clearinghouse opportunities.

As the Center identifies and evaluates the affordability programs and approaches used by the electric and natural gas industry, it will be critical to also understand the means by which these programs are funded. The preponderance of programs in the electric industry are provided by rate-regulated, investor-owned utilities subject to state regulation. The funding of these programs may be influenced by the regulatory framework and their transferability to the water and wastewater industry may, in similar fashion, be limited by state utility regulation, legislation and/or legal precedents. Thus, we encourage the Center to also look into possible funding limitations.

The following sources/links provide an initial perspective of program options/sources, as well as an example of how an “affordability clearinghouse” might be structured.

For example, Xcel Energy of Colorado and Minnesota (both state-regulated utility providers) offer programs funded by ratepayers.

Xcel Energy – Colorado

Gas and Electric Affordability (GAP-EAP) programs are ratepayer funded non-emergency energy assistance programs. Customer outreach for income-qualified customers will be done through periodic mailings with an invitation letter and an application in Spanish and/or English. Colorado income qualifying gas and or electric customers are defined as those customers who received assistance for the current or most recent heating season from the Colorado Low Income Energy Assistance (LEAP) program. This program is a federally funded state supervised, county administered program.

Xcel Energy – Minnesota

Affordability Charge – A surcharge to recover the costs of offering bill payment assistance and discount programs for low-income customers.

Gas Affordability Program – A surcharge to recover the costs of offering a low-income customer co-pay program designed to reduce natural gas service disconnections. Billed to all non-interruptible customers.

Additionally, the following is from a state of California website and provides information on the state's Low Income Home Energy Assistance Program (LIHEAP) Clearinghouse:

<http://www.liheapch.acf.hhs.gov/profiles/California.htm>

This clearinghouse is a good example of the previous reference to partnerships and how these might be used to compile and make available information regarding affordability programs, eligibility criteria, etc.

LIHEAP is a federal program (administered at the state level) that provides assistance to eligible low-income households to manage and meet their immediate home heating and/or cooling needs.

What kind of assistance does LIHEAP offer?

LIHEAP offers several kinds of services to help low-income households meet their home energy needs. These services include:

- The Home Energy Assistance Program (HEAP) provides one-time financial assistance to help offset an eligible household's energy costs (utility bill).
- The Energy Crisis Intervention Program (ECIP) provides assistance to low-income households that are in a crisis situation. Examples include a household that has received a 24- to 48-hour disconnect notice or service termination by its utility company or a household facing an energy-related crisis of life-threatening emergency in the applicant's household, including a combustible appliance.
- LIHEAP Weatherization provides free energy efficiency upgrades to low-income households to lower their monthly utility bills, while improving the health and safety of the household's occupants. Click [here](#) to find out more about Weatherization services offered in California.
- Another service offered as a component to other LIHEAP services includes energy budget counseling, education on basic energy efficiency practices and instruction on the proper use and maintenance of installed weatherization measures.

<http://www.liheapch.acf.hhs.gov/profiles/California.htm>

Another example from California regarding low-income rate assistance is the California Alternate Rates for Energy (CARE). Low-income customers that are enrolled in the CARE program receive a 20 percent discount on their electric and natural gas bills. The following website provides additional information regarding income eligibility guidelines, application forms and process, etc.:

www.cpuc.ca.gov/PUC/energy/Low+Income/care.htm

Recommended US EPA/Center Action. There is much that can be learned from the electric and natural gas utility industries relative to the development and funding of household affordability programs. EFAB recommends that EPA/the Center compile and evaluate this information, including the various funding sources as well as any funding limitations, and determine how it might best be used and conveyed to local water and wastewater providers (e.g., directly and/or through partnerships).

IV. SUMMARY/CONCLUSION

The EFAB viewed its charge as specifically relating to affordability at the household level. As such, our recommendations to EPA/the Center do not consider project-specific or system-wide programs, initiatives, etc. intended to reduce overall service costs. As a result, our four general recommendations are as follows:

First, EFAB recommends that US EPA/the Center add additional survey questions to its Water System Rate Assistance Program Research Report (the Research Report). The purpose of the Research Report was to compile certain information on the various water and wastewater systems that have implemented affordability/rate assistance programs “to address household or specific service area affordability problems”. We encouraged the Center, through its currently on-going Research Report survey efforts, to investigate the following additional survey questions:

- (i) *“How are Affordability Decisions Made?”* – including discussion of any statutory, regulatory and/or oversight factors as well as defining “affordability” and determining initial as well as any ongoing eligibility requirements;
- (ii) *“What are the Funding Sources?”* – including a discussion of the range of funding sources, such as from the water utility, customers, privates, community, etc.; and
- (iii) *“How is Success Measured?”* – is success measured and, if so, what are the standards/metrics used by water utilities?

In our discussions with US EPA/the Center, the first two recommended questions will be incorporated into the work scope/deliverables and the third recommended question will be discussed in the Research Report.

Furthermore, we reviewed the draft Research Report which was released on January 14, 2016. Based upon our review and our goal to expand the usefulness of the Research Report to all water utilities, we recommend the following: (i) redefine “large utility” and “medium utility” in the Research Report – and recalculate and summarize the existing summary data and figures according to this redefinition and (ii) include “medium utility” and “small utility” case studies.

Second, EFAB recommends that US EPA/the Center serve in a facilitation function to encourage partnerships with states and utilities by acting as a clearinghouse or the central source for affordability program information, especially as it relates to states sharing affordability information with other states and information on addressing institutional or legal restrictions related to affordability programs. By having complete, accurate and relevant information at a central source, EPA/the Center can assist states and utilities with implementing successful programs to address the household affordability challenge.

Third, EFAB recommends that US EPA/the Center also serve as the central source for affordability information from the EFCs and other interest groups – such as the American Water Works Association (AWWA) and the Water Environment Federation (WEF) – on their respective current and future research reports, tools and publications. Since a central source for this important and useful information is not currently available, we believe that EPA/the Center can be an important catalyst for the compilation and dissemination of this valuable information to states and utilities alike.

Last and since household affordability programs exist in the electric and natural gas industry, EFAB recommends that US EPA/the Center compile and evaluate the development and funding of affordability programs in that industry, including the various funding sources as well as any funding limitations, and determine how it might best be used and conveyed to local water and wastewater providers (e.g., directly and/or through partnerships).
